

Social Security Administration

§416.1225

owes \$1,500 on the looms. Sharon's net earnings from self-employment is \$400. Since Sharon's equity in the looms and other equipment (\$5,500) is under the \$6,000 limit for property essential to self-support and her net income after expenses (\$400) is greater than 6 percent of her equity, her income-producing property is excluded from countable resources. The home is not considered in any way in valuing property essential to self-support.

Example 2. Charlotte operates a farm. She owns 3 acres of land on which her home is located. She also owns 10 acres of farm land not connected to her home. There are 2 tool sheds and 2 animal shelters located on the 10 acres. She has various pieces of farm equipment that are necessary for her farming activities. We exclude the house and the 3 acres under the home exclusion (see §416.1212). However, we look at the other 10 acres of land, the buildings and equipment separately to see if her total equity in them is no more than \$6,000 and if the annual rate of return is 6 percent of her equity. In this case, the 10 acres and buildings are valued at \$4,000 and the few items of farm equipment and other inventory are valued at \$1,500. Charlotte sells produce which nets her more than 6 percent for this year. The 10 acres and other items are excluded as essential to her self-support and they continue to be excluded as long as she meets the 6-percent annual return requirement and the equity value of the 10 acres and other items remains less than \$6,000.

Example 3. Henry has an automobile repair business valued at \$5,000. There are no debts on the property and bills are paid monthly. For the past 4 years the business has just broken even. Since Henry's income from the business is less than 6 percent of his equity, the entire \$5,000 is counted as his resources. Since this exceeds the resources limit as described in §416.1205, he is not eligible for SSI benefits.

(b) *Exception.* Property that represents the authority granted by a governmental agency to engage in an income-producing activity is excluded as property essential to self-support if it is:

- (1) Used in a trade or business or non-business income-producing activity; or
- (2) Not used due to circumstances beyond the individual's control, e.g., illness, and there is a reasonable expectation that the use will resume.

Example: John owns a commercial fishing permit granted by the State Commerce Commission, a boat, and fishing tackle. The boat and tackle have an equity value of \$6,500. Last year, John earned \$2,000 from his fishing business. The value of the fishing permit

is not determined because the permit is excluded under the exception. The boat and tackle are producing in excess of a 6 percent return on the excluded equity value, so they are excluded under the general rule (see paragraph (a) of this section) up to \$6,000. The \$500 excess value is counted toward the resource limit as described in §416.1205.

[50 FR 42687, Oct. 22, 1985]

§416.1224 How nonbusiness property used to produce goods or services essential to self-support is counted.

Nonbusiness property is considered to be essential for an individual's (and spouse, if any) self-support if it is used to produce goods or services necessary for his or her daily activities. This type of property includes real property such as land which is used to produce vegetables or livestock only for personal consumption in the individual's household (for example, corn, tomatoes, chicken, cattle). This type of property also includes personal property necessary to perform daily functions exclusive of passenger cars, trucks, boats, or other special vehicles. (See §416.1218 for a discussion on how automobiles are counted.) Property used to produce goods or services or property necessary to perform daily functions is excluded if the individual's equity in the property does not exceed \$6,000. Personal property which is required by the individual's employer for work is not counted, regardless of value, while the individual is employed. Examples of this type of personal property include tools, safety equipment, uniforms and similar items.

Example: Bill owns a small unimproved lot several blocks from his home. He uses the lot, which is valued at \$4,800, to grow vegetables and fruit only for his own consumption. Since his equity in the property is less than \$6,000, the property is excluded as necessary to self-support.

[50 FR 42687, Oct. 22, 1985]

§416.1225 An approved plan to achieve self-support; general.

If you are blind or disabled, we will pay you SSI benefits and will not count resources that you use or set aside to use for expenses that we determine to be reasonable and necessary to fulfill